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November 8, 1996

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VIA FAX

Chairman Reed Hundt
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20544

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Dear Chairman Hundt:

As Chairman of the Western Governors' Association (WGA) and Lead Governor for rural health initiatives, I would like to comment on the recent report of the Telecommunications and Health Care Advisory Committee to the Federal-State Joint Board on Universal Service. The WGA wishes to thank you for including a WGA representative on the Advisory Committee. We certainly wish to also thank the volunteers who made up the committee, and who did much to advance the discussion on how to implement the special healthcare provisions in the Telecommunications Act of 1996 (the Act).

We in the West have been particularly enthusiastic about the congressional and Federal Communications Commission (FCC) efforts to achieve the goal of affordable and effective telemedicine technologies. Our region contains many large medically underserved areas because of the isolated rural populations and the significant distances between consumers and healthcare facilities. Telemedicine offers the hope of extending healthcare delivery, education, and interaction to the rural parts of our region and the nation.

Having reviewed the Advisory Committee report, and recognizing that the Federal-State Joint Board on Universal Service will be making recommendations to the FCC on what rules and standards to adopt to carry out the universal service provisions of the Act, the WGA would like to emphasize a few important points. First, as you know and as we discussed at the WGA Annual Meeting in Omaha this past June, telemedicine and related distance education services are presently unaffordable in many parts of the West. As was intended by the Act, the "comparable" rates standard for health applications set forth therein, should be applied to reduce telecommunication rates. What we hear most in this regard is that mileage-based rates, often going through different local access and transport areas or between different companies, are often the cause of these unaffordable rates. Universal support payments should be used to eliminate the use of mileage charges therefore making access to telemedicine and other important rural telecommunications services more available.

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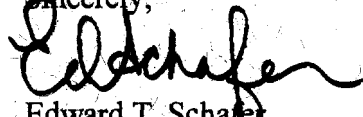
Second, the FCC and the Joint Board should work to ensure full implementation of the healthcare, education, library and other public service portions of the Act. As the Advisory Committee Report recommends, this is particularly important for user cooperatives and other kinds of consortia that purchase discounted telecommunications services to resell to eligible telemedicine providers. The ability of consortia to provide telemedicine services needs to be strongly encouraged, as should efforts by these consortia to include users from education, library and similar groups. This would only add even greater telecommunications deregulation benefits to rural communities. In North Dakota for example, we are witnessing a new and very successful generation of "value-added" rural-based cooperatives. I can certainly see how telemedicine and related networks would benefit by the use of these models. Restrictions on resale should not interfere with these types of activities.

Next, the "market basket" approach to telecommunications services that are supportable with universal service funds is a valid strategy if it is sensibly applied. Given the rapid evolution of telemedicine applications and technologies, the biennial review of the minimum package of essential services is vital and should be undertaken by a broad range of interests that include healthcare providers and telecommunications companies. Healthcare providers should have as much flexibility as possible in their choice of services over the coming years and their participation in the review process will help to assure this flexibility.

Finally, the FCC should work to ensure that networks are interoperable. Standards must be established early on rather than allowing a lengthy and awkward evolution to consensus standards to slow the expansion of rural telemedicine efforts. Assuming a standards procedure is implemented and kept up to date, then dissemination of this basic telemedicine information is also vitally important to the timely and orderly development of the public service network. The FCC should work with federal, state, local, and private interests to ensure interoperability and to provide information to rural healthcare providers on telecommunications services.

The WGA plans to carefully review the Joint Board's recommendations to the full Commission. At the very least, we hope to comment on and otherwise have input into the development of the FCC's final telemedicine rules. Thank you again for including the WGA in this process of so much importance to our region.

Sincerely,



Edward T. Schafer
WGA Chairman
Governor of North Dakota

cc: House and Senate Coalitions on Telemedicine
Chairperson, Federal Joint Working Group on Telemedicine

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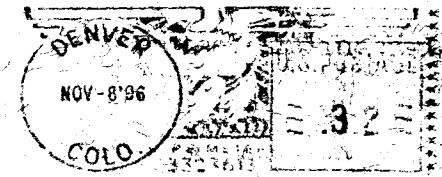


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